

House File 521 - Introduced

HOUSE FILE 521
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 108)

A BILL FOR

1 An Act relating to alcoholic beverage control and matters under
2 the purview of the alcoholic beverages division of the
3 department of commerce.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

ALCOHOLIC BEVERAGE CONTROL

Section 1. Section 123.3, subsection 25, Code 2017, is amended to read as follows:

25. *"Licensed premises"* or *"premises"* means all rooms, enclosures, contiguous areas, or places susceptible of precise description satisfactory to the administrator where alcoholic beverages, wine, or beer is sold or consumed under authority of a liquor control license, wine permit, or beer permit. A single licensed premises may consist of multiple rooms, enclosures, areas, or places if they are wholly within the confines of a single building or contiguous grounds, or areas or places susceptible of precise description satisfactory to the administrator.

Sec. 2. Section 123.3, Code 2017, is amended by adding the following new subsection:

NEW SUBSECTION. 30A. *"Original container"* means a vessel containing an alcoholic beverage that has been lawfully obtained, bears a label approved by the alcohol and tobacco tax and trade bureau of the United States department of the treasury, and has been securely capped, sealed, or corked at the location of manufacture.

Sec. 3. Section 123.22, Code 2017, is amended to read as follows:

123.22 State monopoly.

1. The division has the exclusive right of importation into the state of all forms of alcoholic liquor, except as otherwise provided in [this chapter](#), and a person shall not import alcoholic liquor, except that an individual of legal age may import and have in the individual's possession an amount of alcoholic liquor not exceeding one liter or, in the case of alcoholic liquor personally obtained outside the United States, four liters for personal consumption only in a private home or other private accommodation. A distillery shall not sell alcoholic liquor within the state to any person but only to

1 the division, except as otherwise provided in [this chapter](#).
2 This section vests in the division exclusive control within the
3 state as purchaser of all alcoholic liquor sold by distilleries
4 within the state or imported, except beer and wine, and except
5 as otherwise provided in [this chapter](#). The division shall
6 receive alcoholic liquor on a bailment system for resale by the
7 division in the manner set forth in [this chapter](#). The division
8 shall act as the sole wholesaler of alcoholic liquor to class
9 "E" liquor control licensees.

10 2. No person, acting individually or through another
11 acting for the person shall directly or indirectly, or upon
12 any pretense, or by any device, manufacture, sell, exchange,
13 barter, dispense, give in consideration of the purchase of any
14 property or of any services or in evasion of [this chapter](#), or
15 keep for sale, or have possession of any intoxicating liquor,
16 except as provided in [this chapter](#); or own, keep, or be in any
17 way concerned, engaged, or employed in owning or keeping, any
18 intoxicating liquor with intent to violate any provision of
19 this chapter, or authorize or permit the same to be done; or
20 manufacture, own, sell, or have possession of any manufactured
21 or compounded article, mixture or substance, not in a liquid
22 form, and containing alcohol which may be converted into a
23 beverage by a process of pressing or straining the alcohol
24 therefrom, or any instrument intended for use and capable of
25 being used in the manufacture of intoxicating liquor; or own
26 or have possession of any material used exclusively in the
27 manufacture of intoxicating liquor; or use or have possession
28 of any material with intent to use it in the manufacture of
29 intoxicating liquors; however, alcohol may be manufactured
30 for industrial and nonbeverage purposes by persons who have
31 qualified for that purpose as provided by the laws of the
32 United States and the laws of this state. Such alcohol, so
33 manufactured, may be denatured, transported, used, possessed,
34 sold, and bartered and dispensed, subject to the limitations,
35 prohibitions and restrictions imposed by the laws of the United

1 States and this state. Any person may manufacture, sell, or
2 transport ingredients and devices other than alcohol for the
3 making of homemade wine or beer.

4 Sec. 4. Section 123.23, subsection 2, Code 2017, is amended
5 to read as follows:

6 2. At the time of applying for a certificate of compliance,
7 each applicant shall submit to the division electronically,
8 or in a manner prescribed by the administrator, the name and
9 address of its authorized agent for service of process which
10 shall remain effective until changed for another, and a list
11 of names and addresses of all representatives, employees, or
12 attorneys whom the applicant has appointed in the state of Iowa
13 to represent it for any purpose. The listing shall be amended
14 ~~from time to time~~ by the certificate holder as necessary to
15 keep the listing current with the division.

16 Sec. 5. Section 123.28, Code 2017, is amended to read as
17 follows:

18 **123.28 Restrictions on transportation.**

19 1. It is lawful to transport, carry, or convey alcoholic
20 liquors from the place of purchase by the division to a state
21 warehouse or depot established by the division or from one such
22 place to another and, when so permitted by **this chapter**, it is
23 lawful for the division, a common carrier, or other person to
24 transport, carry, or convey alcoholic liquor sold from a state
25 warehouse, depot, or point of purchase by the state to any
26 place to which the liquor may be lawfully delivered under this
27 chapter.

28 2. The division shall deliver alcoholic liquor purchased
29 by class "E" liquor control licensees. Class "E" liquor
30 control licensees may deliver alcoholic liquor purchased by
31 class "A", "B", or "C" liquor control licensees or class
32 "C" micro-distilled spirits liquor control licensees, and
33 class "A", "B", or "C" liquor control licensees or class "C"
34 micro-distilled spirits liquor control licensees may transport
35 alcoholic liquor purchased from class "E" liquor control

1 licensees.

2 3. A common carrier or other person shall not break or
3 open or allow to be broken or opened a container or package
4 containing alcoholic liquor or use or drink or allow to be used
5 or drunk any alcoholic liquor while it is being transported or
6 conveyed, ~~but this.~~

7 4. This [section](#) does not prohibit a private person from
8 transporting individual bottles or containers of alcoholic
9 liquor exempted pursuant to [section 123.22](#) and individual
10 bottles or containers bearing the identifying mark prescribed
11 in [section 123.26](#) which have been opened previous to the
12 commencement of the transportation.

13 5. This [section](#) does not affect the right of a special
14 permit or liquor control license holder to purchase, possess,
15 or transport alcoholic liquors subject to [this chapter](#).

16 Sec. 6. Section 123.30, subsection 1, paragraph c, Code
17 2017, is amended to read as follows:

18 *c.* As a further condition for the issuance of a class "E"
19 liquor control license, the applicant shall post a bond in
20 a sum of not less than five thousand nor more than fifteen
21 thousand dollars as determined on a sliding scale established
22 by the division; however, a bond shall not be required if all
23 purchases of alcoholic liquor from the division by the licensee
24 are made ~~by cash payment or~~ by means that ensure that the
25 division will receive full payment in advance of delivery of
26 the alcoholic liquor.

27 Sec. 7. Section 123.31, subsections 6 and 7, Code 2017, are
28 amended by striking the subsections.

29 Sec. 8. Section 123.32, subsection 6, paragraph b, Code
30 2017, is amended to read as follows:

31 *b.* Upon receipt of an application having been approved by
32 the local authority, the division shall make an investigation
33 as the administrator deems necessary to determine that the
34 applicant complies with all requirements for holding a license
35 or permit, and may require the applicant to appear to be

1 examined under oath to demonstrate that the applicant complies
 2 with all of the requirements to hold a license or permit. If
 3 the administrator requires the applicant to appear and to
 4 testify under oath, a record shall be made of all testimony or
 5 evidence and the record shall become a part of the application.
 6 The administrator may appoint a member of the division or
 7 may request an administrative law judge of the department of
 8 inspections and appeals to receive the testimony under oath
 9 and evidence, and to issue a proposed decision to approve
 10 or disapprove the application for a license or permit. The
 11 administrator may affirm, reverse, or modify the proposed
 12 decision to approve or disapprove the application for the
 13 license or permit. If the application is approved by the
 14 administrator, the license or permit shall be issued. If the
 15 application is disapproved by the administrator, the applicant
 16 ~~and the appropriate local authority~~ shall be so notified by
 17 certified mail and the appropriate local authority shall be
 18 notified electronically, or in a manner prescribed by the
 19 administrator.

20 Sec. 9. Section 123.33, Code 2017, is amended to read as
 21 follows:

22 **123.33 Records.**

23 Every holder of a ~~liquor control~~ license ~~shall keep a daily~~
 24 ~~record, in printed or electronic format, of the gross receipts~~
 25 ~~of the holder's business~~ or permit under this chapter shall
 26 maintain records, in printed and electronic format, which
 27 include income statements, balance sheets, purchase and sales
 28 invoices, purchase and sales ledgers, and any other records as
 29 the administrator may require. The records required and the
 30 premises of the licensee or permittee shall be accessible and
 31 open to inspection pursuant to [section 123.30, subsection 1](#),
 32 during normal business hours of the licensee or permittee.

33 Sec. 10. Section 123.34, subsection 1, Code 2017, is amended
 34 to read as follows:

35 1. Liquor control licenses, wine permits, and beer permits,

1 unless sooner suspended or revoked, expire one year from
 2 date of issuance. The administrator shall give sixty days'
 3 written notice of the expiration to each licensee or permittee.
 4 However, the administrator may issue six-month or eight-month
 5 seasonal licenses, class "B" wine permits, or class "B" beer
 6 permits for a proportionate part of the license or permit fee
 7 or may issue fourteen-day liquor control licenses, native wine
 8 permits, or beer permits as provided in subsection 2. No
 9 refund shall be made for seasonal licenses or permits or for
 10 fourteen-day liquor control licenses, native wine permits, or
 11 beer permits. No seasonal license or permit shall be renewed
 12 ~~except.~~ However, after a period of two months the applicant
 13 may apply for a new seasonal license or permit for the same
 14 location.

15 Sec. 11. Section 123.49, subsection 2, paragraph b, Code
 16 2017, is amended to read as follows:

17 b. Sell or dispense any alcoholic beverage ~~or beer~~ on
 18 the premises covered by the license or permit, or permit its
 19 consumption thereon between the hours of 2:00 a.m. and 6:00
 20 a.m. on a weekday, and between the hours of 2:00 a.m. on Sunday
 21 and 6:00 a.m. on the following Monday, however, a holder of a
 22 liquor control license or retail wine or beer permit granted
 23 the privilege of selling alcoholic liquor, wine, or beer on
 24 Sunday may sell or dispense alcoholic liquor, wine, or beer
 25 between the hours of 8:00 a.m. on Sunday and 2:00 a.m. on the
 26 following Monday.

27 Sec. 12. Section 123.49, subsection 2, paragraph k, Code
 28 2017, is amended by striking the paragraph.

29 Sec. 13. Section 123.51, subsection 1, Code 2017, is amended
 30 to read as follows:

31 1. No signs or other matter advertising any brand of
 32 alcoholic liquor, beer, or wine shall be erected or placed upon
 33 the outside of any premises occupied by a licensee or permittee
 34 authorized to sell alcoholic liquor, beer, or wine at retail.
 35 ~~This subsection does not prohibit the use of signs~~ However,

1 signs or other advertising matter may be erected or placed
2 inside the premises, inside a fence or similar enclosure which
3 wholly or partially surrounds the ~~licensed~~ premises, or inside
4 a window facing outward from the premises.

5 Sec. 14. Section 123.175, Code 2017, is amended by striking
6 the section and inserting in lieu thereof the following:

7 **123.175 Class "A" or retail wine permit application and**
8 **issuance.**

9 1. A person applying for a class "A" or retail wine permit
10 shall submit an application electronically, or in a manner
11 prescribed by the administrator, which shall set forth under
12 oath the following:

13 a. The name and place of residence of the applicant.

14 b. The names and addresses of all persons or, in the case of
15 a corporation, the officers, directors, and persons owning or
16 controlling ten percent or more of the capital stock thereof,
17 having a financial interest, by way of loan, ownership, or
18 otherwise, in the business.

19 c. The location of the premises where the applicant intends
20 to operate.

21 d. The name of the owner of the premises and if the owner of
22 the premises is not the applicant, whether the applicant is the
23 actual lessee of the premises.

24 e. When required by the administrator, and in such form and
25 containing such information as the administrator may require,
26 a description of the premises where the applicant intends to
27 use the permit, to include a sketch or drawing of the premises
28 and, if applicable, the number of square feet of interior floor
29 space which comprises the retail sales area of the premises.

30 f. Whether any person specified in paragraph "b" has ever
31 been convicted of any offense against the laws of the United
32 States, or any state or territory thereof, or any political
33 subdivision of any such state or territory.

34 g. Any other information as required by the administrator.

35 2. The administrator shall issue a class "A" or retail wine

1 permit to any applicant who establishes all of the following:

2 *a.* That the applicant has submitted a completed application
3 as required by subsection 1.

4 *b.* That the applicant is a person of good moral character as
5 provided in section 123.3, subsection 34.

6 *c.* That the applicant is a citizen of the state of Iowa
7 or, if a corporation, that the applicant is authorized to do
8 business in the state.

9 *d.* That the premises where the applicant intends to use the
10 permit conforms to all applicable laws, health regulations, and
11 fire regulations, and constitutes a safe and proper place or
12 building.

13 *e.* That the applicant gives consent to a person, pursuant
14 to section 123.30, subsection 1, to enter upon the premises
15 without a warrant during the business hours of the applicant
16 to inspect for violations of the provisions of this chapter or
17 ordinances and regulations that local authorities may adopt.

18 *f.* That the applicant has submitted, in the case of a class
19 "A" wine permit, a bond in the amount of five thousand dollars
20 in a manner prescribed by the administrator with good and
21 sufficient sureties to be approved by the division conditioned
22 upon compliance with this chapter.

23 Sec. 15. Section 123.178B, subsection 4, Code 2017, is
24 amended to read as follows:

25 4. A person holding a class "C" native wine permit and a
26 class "A" wine permit whose primary purpose is manufacturing
27 native wine may purchase beer from a wholesaler holding a class
28 "A" beer permit for sale at retail for consumption on or off
29 the premises covered by the class "C" native wine permit.

30 Sec. 16. Section 123.180, subsection 2, Code 2017, is
31 amended to read as follows:

32 2. At the time of applying for a vintner's certificate of
33 compliance, each applicant shall file with the division a list
34 of all class "A" wine permittees with whom it intends to do
35 business. The listing of class "A" wine permittees as filed

1 with the division ~~may~~ shall be amended ~~from time to time~~ by the
2 holder of the certificate of compliance as necessary to keep
3 the listing current with the division.

4 Sec. 17. Section 123.183, subsection 2, paragraph a, Code
5 2017, is amended to read as follows:

6 a. Revenue collected from the wine gallonage tax on wine
7 manufactured for sale and sold at wholesale in this state,
8 and on wine subject to direct shipment as provided in section
9 123.187 by a wine manufacturer licensed or permitted pursuant
10 to laws regulating alcoholic beverages in this state, shall be
11 deposited in the wine gallonage tax fund as created in this
12 section.

13 Sec. 18. Section 123.187, subsection 2, paragraph c, Code
14 2017, is amended to read as follows:

15 c. An application submitted pursuant to paragraph "a"
16 shall also be accompanied by a bond in the amount of five
17 thousand dollars in the form prescribed and furnished by the
18 division with good and sufficient sureties to be approved by
19 the division conditioned upon compliance with this chapter.
20 However, a wine manufacturer that has submitted a bond pursuant
21 to section 123.175, subsection 3 2, paragraph "f", shall not be
22 required to provide a bond as provided in this paragraph.

23 DIVISION II

24 BEER PERMITS

25 Sec. 19. Section 123.30, subsection 3, paragraph e,
26 subparagraph (1), Code 2017, is amended to read as follows:

27 (1) A class "E" liquor control license may be issued and
28 shall authorize the holder to purchase alcoholic liquor from
29 the division only and high alcoholic content beer from a class
30 "AA" "A" beer permittee only and to sell the alcoholic liquor
31 and high alcoholic content beer to patrons for consumption off
32 the licensed premises and to other liquor control licensees.
33 A holder of a class "E" liquor control license may hold other
34 retail liquor control licenses or retail wine or beer permits,
35 but the premises licensed under a class "E" liquor control

1 license shall be separate from other licensed premises, though
2 the separate premises may have a common entrance. However,
3 the holder of a class "E" liquor control license may also hold
4 a class "B" wine or class "C" beer permit or both for the
5 premises licensed under a class "E" liquor control license.

6 Sec. 20. Section 123.124, Code 2017, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **123.124 Beer permits — classes.**

9 Permits for the manufacture and sale, or sale, of beer shall
10 be divided into four classes, known as class "A", special
11 class "A", class "B", or class "C" beer permits. A holder of
12 a class "A" or special class "A" beer permit shall have the
13 authority as provided in section 123.130. A holder of a class
14 "B" beer permit shall have the authority as provided in section
15 123.131, and a holder of a class "C" beer permit shall have the
16 authority as provided in section 123.132.

17 Sec. 21. Section 123.125, Code 2017, is amended to read as
18 follows:

19 **123.125 Issuance of beer permits.**

20 The administrator shall issue class "A", special class "A",
21 ~~class "AA", special class "AA",~~ class "B", and class "C" beer
22 permits and may suspend or revoke permits for cause as provided
23 in [this chapter](#).

24 Sec. 22. Section 123.127, Code 2017, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **123.127 Class "A" and special class "A" beer permit
27 application and issuance.**

28 1. A person applying for a class "A" or special class "A"
29 beer permit shall submit an application electronically, or in a
30 manner prescribed by the administrator, which shall set forth
31 under oath the following:

32 a. The name and place of residence of the applicant.

33 b. The names and addresses of all persons or, in the case of
34 a corporation, the officers, directors, and persons owning or
35 controlling ten percent or more of the capital stock thereof,

1 having a financial interest, by way of loan, ownership, or
2 otherwise, in the business.

3 *c.* The location of the premises where the applicant intends
4 to operate.

5 *d.* The name of the owner of the premises and if the owner of
6 the premises is not the applicant, whether the applicant is the
7 actual lessee of the premises.

8 *e.* When required by the administrator, and in such form and
9 containing such information as the administrator may require,
10 a description of the premises where the applicant intends to
11 use the permit, to include a sketch or drawing of the premises
12 and, if applicable, the number of square feet of interior floor
13 space which comprises the retail sales area of the premises.

14 *f.* Whether any person specified in paragraph "b" has ever
15 been convicted of any offense against the laws of the United
16 States, or any state or territory thereof, or any political
17 subdivision of any such state or territory.

18 *g.* Any other information as required by the administrator.

19 2. The administrator shall issue a class "A" or special
20 class "A" beer permit to any applicant who establishes all of
21 the following:

22 *a.* That the applicant has submitted a completed application
23 as required by subsection 1.

24 *b.* That the applicant is a person of good moral character as
25 provided in section 123.3, subsection 34.

26 *c.* That the applicant is a citizen of the state of Iowa
27 or, if a corporation, that the applicant is authorized to do
28 business in the state.

29 *d.* That the premises where the applicant intends to use the
30 permit conforms to all applicable laws, health regulations, and
31 fire regulations, and constitutes a safe and proper place or
32 building.

33 *e.* That the applicant gives consent to a person, pursuant
34 to section 123.30, subsection 1, to enter upon the premises
35 without a warrant during the business hours of the applicant

1 to inspect for violations of the provisions of this chapter or
2 ordinances and regulations that local authorities may adopt.

3 *f.* That the applicant has submitted a bond in the amount
4 of ten thousand dollars in a manner prescribed by the
5 administrator with good and sufficient sureties to be approved
6 by the division conditioned upon compliance with this chapter.

7 *g.* If the person is applying for a special class "A" beer
8 permit, that the applicant holds or has applied for a class "C"
9 liquor control license or class "B" beer permit.

10 Sec. 23. Section 123.128, subsection 1, paragraph a, Code
11 2017, is amended to read as follows:

12 *a.* All the information required of an applicant by section
13 123.127, subsection 1, ~~paragraph "a"~~.

14 Sec. 24. Section 123.128, subsection 2, Code 2017, is
15 amended to read as follows:

16 2. Fulfills the requirements of section 123.127, subsection
17 ~~± 2, paragraph paragraphs~~ "b", "c", and "d".

18 Sec. 25. Section 123.129, subsection 2, paragraphs a and b,
19 Code 2017, are amended to read as follows:

20 *a.* Submits an application electronically, or in a manner
21 prescribed by the administrator, which shall state under
22 oath all the information required of an applicant by section
23 123.127, subsection 1, ~~paragraph "a"~~.

24 *b.* ~~Establishes that the person is of good moral character as~~
25 ~~defined by this chapter~~ Fulfills the requirements of section
26 123.127, subsection 2, paragraphs "b", "c", and "d".

27 Sec. 26. Section 123.129, subsection 2, paragraph d, Code
28 2017, is amended by striking the paragraph.

29 Sec. 27. Section 123.130, Code 2017, is amended to read as
30 follows:

31 ~~123.130 Authority under class "A", class "AA", and special~~
32 ~~class "A", and special class "AA" beer permits.~~

33 1. Any person holding a class "A" ~~or class "AA"~~ beer permit
34 issued by the division shall be authorized to manufacture
35 and sell, or sell at wholesale, beer for consumption off

1 the premises, such sales within the state to be made only
 2 to persons holding subsisting class "A", "B", or "C" beer
 3 permits, or liquor control licenses issued in accordance with
 4 the provisions of [this chapter](#). A class "A", ~~class "AA",~~
 5 or special class "A", ~~or special class "AA"~~ beer permit does
 6 not grant authority to manufacture wine as defined in section
 7 123.3, subsection 47.

8 2. All class "A" ~~and class "AA"~~ premises shall be located
 9 within the state. All beer received by the holder of a
 10 class "A" ~~or class "AA"~~ beer permit from the holder of a
 11 certificate of compliance before being resold must first come
 12 to rest on the licensed premises of the permit holder, must be
 13 inventoried, and is subject to the barrel tax when resold as
 14 provided in [section 123.136](#). A class "A" ~~or class "AA"~~ beer
 15 permittee shall not store beer overnight except on premises
 16 licensed under a class "A" ~~or class "AA"~~ beer permit.

17 3. All special class "A" ~~and special class "AA"~~ premises
 18 shall be located within the state. A person who holds a
 19 special class "A" ~~or special class "AA"~~ beer permit for the
 20 same location at which the person holds a class "C" liquor
 21 control license or class "B" beer permit may manufacture
 22 and sell beer to be consumed on the premises, may sell at
 23 retail at the manufacturing premises for consumption off the
 24 premises beer that is transferred at the time of sale from
 25 the original container to another container that is no larger
 26 than seventy-two ounces, may sell beer to a class "A" ~~or class~~
 27 ~~"AA"~~ beer permittee for resale purposes, and may sell beer to
 28 distributors outside of the state that are authorized by the
 29 laws of that jurisdiction to sell beer at wholesale.

30 Sec. 28. Section 123.131, Code 2017, is amended to read as
 31 follows:

32 **123.131 Authority under class "B" beer permit.**

33 1. Subject to the provisions of [this chapter](#), any person
 34 holding a class "B" beer permit shall be authorized to sell
 35 beer for consumption on or off the premises. Sales of beer

1 for consumption off the premises made pursuant to this section
2 shall be made in original containers except as provided in
3 subsection 2. However, unless otherwise provided in this
4 chapter, no sale of beer shall be made for consumption on
5 the premises unless the place where such service is made is
6 equipped with tables and seats sufficient to accommodate not
7 less than twenty-five persons at one time.

8 2. Subject to the rules of the division, sales of beer for
9 consumption off the premises made pursuant to this section may
10 be made in a container other than the original container only
11 if all of the following requirements are met:

12 a. The beer is transferred from the original container to
13 the container to be sold on the licensed premises at the time
14 of sale.

15 b. The person transferring the beer from the original
16 container to the container to be sold shall be eighteen years
17 of age or more.

18 c. The container to be sold shall be no larger than
19 seventy-two ounces.

20 d. The container to be sold shall be securely sealed by a
21 method authorized by the division that is designed so that if
22 the sealed container is reopened or the seal tampered with, it
23 is visibly apparent that the seal on the container of beer has
24 been tampered with or the sealed container has otherwise been
25 reopened.

26 3. A container of beer other than the original container
27 that is sold and sealed in compliance with the requirements of
28 subsection 2 and the rules of the division shall not be deemed
29 an open container subject to the requirements of sections
30 321.284 and 321.284A if the sealed container is unopened and
31 the seal has not been tampered with, and the contents of the
32 container have not been partially removed.

33 Sec. 29. Section 123.134, subsection 1, Code 2017, is
34 amended to read as follows:

35 1. The annual permit fee for a class "A" or special class

1 "A" beer permit is ~~two~~ seven hundred fifty dollars.

2 Sec. 30. Section 123.134, subsection 2, Code 2017, is
3 amended by striking the subsection.

4 Sec. 31. Section 123.135, Code 2017, is amended to read as
5 follows:

6 **123.135 Certificate of compliance — civil penalty.**

7 1. A manufacturer, brewer, bottler, importer, or vendor of
8 beer, or any agent thereof, desiring to ship or sell beer, or
9 have beer brought into this state for resale by a class "A"
10 ~~or class "AA"~~ beer permittee, shall first make application
11 for and be issued a brewer's certificate of compliance by the
12 administrator for that purpose. The certificate of compliance
13 expires at the end of one year from the date of issuance
14 and shall be renewed for a like period upon application to
15 the administrator unless otherwise revoked for cause. Each
16 application for a certificate of compliance or renewal of a
17 certificate shall be submitted electronically, or in a manner
18 prescribed by the administrator, and shall be accompanied
19 by a fee of five hundred dollars payable to the division.
20 Each holder of a certificate of compliance shall furnish the
21 information in a manner the administrator requires.

22 2. At the time of applying for a certificate of compliance,
23 each applicant shall file with the division a list of all class
24 "A" ~~and class "AA"~~ beer permittees with whom it intends to do
25 business and shall designate the geographic area in which its
26 products are to be distributed by such permittee. The listing
27 of class "A" ~~and class "AA"~~ beer permittees and geographic area
28 as filed with the division ~~may~~ shall be amended ~~from time to~~
29 ~~time~~ by the holder of a certificate of compliance as necessary
30 to keep the listing current with the division.

31 3. All class "A" ~~and class "AA"~~ beer permit holders shall
32 sell only those brands of beer which are manufactured, brewed,
33 bottled, shipped, or imported by a person holding a current
34 certificate of compliance. Any employee or agent working for
35 or representing the holder of a certificate of compliance

1 within this state shall submit electronically, or in a manner
 2 prescribed by the administrator, the employee's or agent's name
 3 and address with the division.

4 4. It shall be unlawful for any holder of a certificate of
 5 compliance or the holder's agent, or any class "A" ~~or class~~
 6 ~~"AA"~~ beer permit holder or the beer permit holder's agent, to
 7 grant to any retail beer permit holder, directly or indirectly,
 8 any rebates, free goods, or quantity discounts on beer which
 9 are not uniformly offered to all retail permittees.

10 5. Notwithstanding any other penalties provided by this
 11 chapter, any holder of a certificate of compliance or any class
 12 "A" ~~or class "AA"~~ beer permit holder who violates [this chapter](#)
 13 or the rules adopted pursuant to [this chapter](#) is subject to a
 14 civil penalty not to exceed one thousand dollars or suspension
 15 of the holder's certificate or permit for a period not to
 16 exceed one year, or both such civil penalty and suspension.
 17 Civil penalties imposed under [this section](#) shall be collected
 18 and retained by the division.

19 Sec. 32. Section 123.136, subsection 1, Code 2017, is
 20 amended to read as follows:

21 1. In addition to the annual permit fee to be paid by all
 22 class "A" ~~and class "AA"~~ beer permittees under [this chapter](#)
 23 there shall be levied and collected from the permittees on all
 24 beer manufactured for sale or sold in this state at wholesale
 25 and on all beer imported into this state for sale at wholesale
 26 and sold in this state at wholesale, and from special class "A"
 27 ~~and special class "AA"~~ beer permittees on all beer manufactured
 28 for consumption on the premises and on all beer sold at retail
 29 at the manufacturing premises for consumption off the premises
 30 pursuant to section 123.130, subsection 3, a tax of five and
 31 eighty-nine hundredths dollars for every barrel containing
 32 thirty-one gallons, and at a like rate for any other quantity
 33 or for the fractional part of a barrel. However, no tax shall
 34 be levied or collected on beer shipped outside this state by a
 35 class "A" ~~or class "AA"~~ beer permittee or sold by one class "A"

1 ~~or class "AA"~~ beer permittee to another class "A" ~~or class "AA"~~
2 beer permittee.

3 Sec. 33. Section 123.137, subsection 1, Code 2017, is
4 amended to read as follows:

5 1. A person holding a class "A", ~~class "AA"~~, or special
6 class "A", ~~or special class "AA"~~ beer permit shall, on or
7 before the tenth day of each calendar month commencing on the
8 tenth day of the calendar month following the month in which
9 the person is issued a beer permit, make a report under oath
10 to the division electronically, or in a manner prescribed by
11 the administrator, showing the exact number of barrels of
12 beer, or fractional parts of barrels, sold by the beer permit
13 holder during the preceding calendar month. The report shall
14 also state information the administrator requires, and beer
15 permit holders shall at the time of filing a report pay to the
16 division the amount of tax due at the rate fixed in section
17 123.136.

18 Sec. 34. Section 123.138, subsection 1, Code 2017, is
19 amended to read as follows:

20 1. Each class "A", ~~class "AA"~~, or special class "A", ~~or~~
21 ~~special class "AA"~~ beer permittee shall keep proper records
22 showing the amount of beer sold by the permittee, and these
23 records shall be at all times open to inspection by the
24 administrator and to other persons pursuant to section 123.30,
25 subsection 1. Each class "B" beer permittee, class "C" beer
26 permittee, or retail liquor control licensee shall keep proper
27 records showing each purchase of beer made by the permittee
28 or licensee, and the date and the amount of each purchase and
29 the name of the person from whom each purchase was made, which
30 records shall be open to inspection pursuant to section 123.30,
31 subsection 1, during normal business hours of the permittee or
32 licensee.

33 Sec. 35. Section 123.139, Code 2017, is amended to read as
34 follows:

35 123.139 Separate locations — class "A", ~~class "AA"~~, or

1 **special class "A", ~~or special class "AA"~~ beer permit.**

2 A class "A", ~~class "AA", or~~ special class "A", ~~or special~~
3 ~~class "AA"~~ beer permittee having more than one place of
4 business is required to have a separate beer permit for each
5 separate place of business maintained by the permittee where
6 beer is stored, warehoused, or sold.

7 Sec. 36. Section 123.142, Code 2017, is amended to read as
8 follows:

9 **123.142 Unlawful sale and importation.**

10 1. It is unlawful for the holder of a class "B" or class
11 "C" beer permit issued under [this chapter](#) to sell beer, except
12 beer brewed on the premises covered by a special class "A"
13 ~~or special class "AA"~~ beer permit or beer purchased from a
14 person holding a class "A" ~~or class "AA"~~ beer permit issued in
15 accordance with [this chapter](#), and on which the tax provided in
16 section 123.136 has been paid. However, [this section](#) does not
17 apply to class "D" liquor control licensees as provided in this
18 chapter.

19 2. It shall be unlawful for any person not holding a class
20 "A" ~~or class "AA"~~ beer permit to import beer into this state
21 for the purpose of sale or resale.

22 Sec. 37. Section 123.143, subsection 3, Code 2017, is
23 amended to read as follows:

24 3. Barrel tax revenues collected on beer manufactured in
25 this state from a class "A" ~~or class "AA"~~ beer permittee which
26 owns and operates a brewery located in Iowa shall be credited
27 to the barrel tax fund hereby created in the office of the
28 treasurer of state. Moneys deposited in the barrel tax fund
29 shall not revert to the general fund of the state without a
30 specific appropriation by the general assembly. Moneys in the
31 barrel tax fund are appropriated to the economic development
32 authority for purposes of [section 15E.117](#).

33 Sec. 38. Section 123.144, subsection 1, Code 2017, is
34 amended to read as follows:

35 1. No person shall bottle beer within the state of Iowa,

1 except class "A", and special class "A", ~~class "AA", and~~
 2 ~~special class "AA"~~ beer permittees who have complete equipment
 3 for bottling beer and who have received the approval of the
 4 local board of health as to sanitation. It shall be the duty of
 5 local boards of health to inspect the premises and equipment of
 6 class "A", and special class "A", ~~class "AA", and special class~~
 7 ~~"AA"~~ beer permittees who desire to bottle beer.

8 DIVISION III

9 MICRO-DISTILLED SPIRITS

10 Sec. 39. Section 123.3, subsection 29, Code 2017, is amended
 11 to read as follows:

12 29. "*Micro-distillery*" means a business with an operational
 13 still which, combining all production facilities of the
 14 business, produces and manufactures less than fifty one hundred
 15 thousand proof gallons of distilled spirits on an annual basis.

16 Sec. 40. Section 123.30, subsection 3, paragraph c, Code
 17 2017, is amended by adding the following new subparagraph:

18 NEW SUBPARAGRAPH. (3) A class "C" micro-distilled spirits
 19 liquor control license may be issued to a micro-distillery but
 20 shall be issued in the name of the individuals who actually
 21 own the business. The license shall authorize the holder to
 22 sell micro-distilled spirits manufactured on the premises of
 23 the micro-distillery to patrons by the individual drink for
 24 consumption on the premises. All micro-distilled spirits sold
 25 by a micro-distillery for on-premises consumption shall be
 26 purchased from a class "E" liquor control licensee.

27 Sec. 41. Section 123.32, subsection 1, Code 2017, is amended
 28 to read as follows:

29 1. *Filing of application.* An application for a class "A",
 30 class "B", class "C", or class "E" liquor control license, for
 31 a class "C" micro-distilled spirits liquor control license,
 32 for a class "A" micro-distilled spirits permit license, for a
 33 retail beer permit as provided in [sections 123.128 and 123.129](#),
 34 or for a class "B", class "B" native, or class "C" native
 35 retail wine permit as provided in [section 123.178, 123.178A,](#)

1 or 123.178B, accompanied by the necessary fee and bond, if
2 required, shall be filed with the appropriate city council if
3 the premises for which the license or permit is sought are
4 located within the corporate limits of a city, or with the
5 board of supervisors if the premises for which the license or
6 permit is sought are located outside the corporate limits of a
7 city. An application for a class "D" liquor control license
8 and for a class "A" beer or class "A" wine permit, accompanied
9 by the necessary fee and bond, if required, shall be submitted
10 to the division electronically, or in a manner prescribed by
11 the administrator, which shall proceed in the same manner as in
12 the case of an application approved by local authorities.

13 Sec. 42. NEW SECTION. 123.43 Class "C" micro-distilled
14 spirits liquor control license — application and issuance —
15 fees.

16 1. A person applying for a class "C" micro-distilled
17 spirits liquor control license shall submit an application
18 electronically, or in a manner prescribed by the administrator,
19 which shall set forth under oath the following:

20 a. The name and place of residence of the applicant.

21 b. The names and addresses of all persons or, in the case of
22 a corporation, the officers, directors, and persons owning or
23 controlling ten percent or more of the capital stock thereof,
24 having a financial interest, by way of loan, ownership, or
25 otherwise, in the business.

26 c. The location of the premises where the applicant intends
27 to operate.

28 d. The name of the owner of the premises and if the owner of
29 the premises is not the applicant, whether the applicant is the
30 actual lessee of the premises.

31 e. When required by the administrator, and in such form and
32 containing such information as the administrator may require, a
33 description of the premises where the applicant intends to use
34 the liquor control license, to include a sketch or drawing of
35 the premises and, if applicable, the number of square feet of

1 interior floor space which comprises the retail sales area of
2 the premises.

3 *f.* Whether any person specified in paragraph "b" has ever
4 been convicted of any offense against the laws of the United
5 States, or any state or territory thereof, or any political
6 subdivision of any such state or territory.

7 *g.* Any other information as required by the administrator.

8 2. Except as otherwise provided in this chapter, the
9 administrator shall issue a class "C" micro-distilled spirits
10 liquor control license to any applicant who establishes all of
11 the following:

12 *a.* That the applicant has submitted a completed application
13 as required by subsection 1.

14 *b.* That the applicant is a person of good moral character as
15 provided in section 123.3, subsection 34.

16 *c.* That the applicant is a citizen of the state of Iowa
17 or, if a corporation, that the applicant is authorized to do
18 business in the state.

19 *d.* That the premises for which the liquor control license
20 is sought is and will continue to be equipped with sufficient
21 tables and seats to accommodate twenty-five persons at one
22 time, and in areas where such business is permitted by any
23 valid zoning ordinance or will be so permitted on the effective
24 date of the liquor control license.

25 *e.* That the premises where the applicant intends to use the
26 liquor control license conforms to all applicable laws, health
27 regulations, and fire regulations, and constitutes a safe and
28 proper place or building.

29 *f.* That the applicant is not engaged in the business of
30 manufacturing beer.

31 *g.* That the applicant gives consent to a person, pursuant
32 to section 123.30, subsection 1, to enter upon the premises
33 without a warrant during the business hours of the applicant
34 to inspect for violations of the provisions of this chapter or
35 ordinances and regulations that local authorities may adopt.

1 3. A manufacturer of micro-distilled spirits may be issued
2 a class "C" micro-distilled spirits liquor control license
3 regardless of whether the manufacturer is also a manufacturer
4 of native wine pursuant to a class "A" wine permit.

5 4. A class "C" micro-distilled spirits liquor control
6 license for a micro-distillery shall be issued and renewed
7 annually upon payment of a fee of two hundred fifty dollars.

8 Sec. 43. Section 123.43A, subsection 1, Code 2017, is
9 amended to read as follows:

10 1. Subject to rules of the division, a micro-distillery
11 holding a class "A" micro-distilled spirits ~~permit~~ license
12 pursuant to this section may sell or offer for sale
13 micro-distilled spirits. As provided in this section, sales
14 may be made at retail for off-premises consumption when sold
15 on the premises of the micro-distillery that manufactures
16 micro-distilled spirits. All sales shall be made through the
17 state's wholesale distribution system.

18 Sec. 44. Section 123.43A, subsection 2, Code 2017, is
19 amended to read as follows:

20 2. A micro-distillery shall not sell more than ~~one and~~
21 ~~one-half~~ nine liters per person per day, of micro-distilled
22 spirits on the premises of the micro-distillery. In addition,
23 a micro-distillery shall not directly ship micro-distilled
24 spirits for sale at retail. The micro-distillery shall
25 maintain records of individual purchases of micro-distilled
26 spirits at the micro-distillery for three years.

27 Sec. 45. Section 123.43A, subsection 4, Code 2017, is
28 amended to read as follows:

29 4. A class "A" micro-distilled spirits ~~permit~~ license for
30 a micro-distillery shall be issued and renewed annually upon
31 payment of a fee of five hundred dollars.

32 Sec. 46. Section 123.43A, Code 2017, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. 4A. Notwithstanding any other provision of
35 this chapter, a person engaged in the business of manufacturing

1 micro-distilled spirits may sell the micro-distilled spirits
2 the person manufactures at retail for consumption on the
3 premises of the manufacturing facility by applying for a class
4 "C" micro-distilled spirits liquor control license as provided
5 in section 123.43. A manufacturer of micro-distilled spirits
6 may be granted not more than one class "C" micro-distilled
7 spirits liquor control license.

8 Sec. 47. Section 123.43A, subsection 6, Code 2017, is
9 amended to read as follows:

10 6. The division shall issue no more than three ~~permits~~
11 class "A" micro-distilled spirits licenses under this section
12 to a person. In addition, a micro-distillery issued a ~~permit~~
13 license under this section shall file with the division, on or
14 before the fifteenth day of each calendar month, all documents
15 filed by the micro-distillery with the alcohol and tobacco
16 tax and trade bureau of the United States department of the
17 treasury, including all production, storage, and processing
18 reports.

19 Sec. 48. Section 123.43A, subsection 7, Code 2017, is
20 amended by striking the subsection and inserting in lieu
21 thereof the following:

22 7. A micro-distillery may sell the micro-distilled spirits
23 it manufactures to customers outside the state.

24 Sec. 49. NEW SECTION. 123.43B Authority under class "C"
25 micro-distilled spirits liquor control license.

26 1. A person holding a class "C" micro-distilled spirits
27 liquor control license for the same location at which the
28 person holds a class "A" micro-distilled spirits license may
29 sell the person's micro-distilled spirits only at retail to
30 patrons by the individual drink for consumption on the licensed
31 premises where it was manufactured.

32 2. A person holding a class "C" micro-distilled spirits
33 liquor control license shall purchase micro-distilled spirits
34 the person manufactures from a class "E" liquor control
35 licensee only.

1 3. Unless otherwise provided by this chapter, the
2 provisions of this chapter applicable to liquor control
3 licenses shall also apply to class "C" micro-distilled spirits
4 liquor control licenses.

5 Sec. 50. Section 123.56, subsection 5, Code 2017, is amended
6 to read as follows:

7 5. Notwithstanding any other provision of [this chapter](#), a
8 person engaged in the business of manufacturing native wine may
9 sell native wine at retail for consumption on the premises of
10 the manufacturing facility by applying for a class "C" native
11 wine permit as provided in [section 123.178B](#). A manufacturer
12 of native wine may be granted not more than one class "C"
13 native wine permit. A manufacturer of native wine may be
14 issued a class "C" native wine permit regardless of whether the
15 manufacturer is also a manufacturer of micro-distilled spirits
16 pursuant to a class "A" micro-distilled spirits license.

EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill concerns alcoholic beverage control and matters
21 under the purview of the alcoholic beverages division of the
22 department of commerce.

23 DIVISION I — ALCOHOLIC BEVERAGE CONTROL. Code section
24 123.3, providing definitions, is amended. The bill adds a
25 definition for "original container", which means a vessel
26 containing an alcoholic beverage that bears a federally
27 approved label and is appropriately sealed at the location
28 of manufacture. In addition, the definition of "licensed
29 premises" is amended to include noncontiguous areas or places
30 susceptible of a precise description.

31 Code section 123.22 is amended to allow individuals to
32 manufacture, sell, or transport ingredients and devices used to
33 make homemade beer. Current law allows this for homemade wine.

34 Code section 123.23, concerning a distiller's certificate of
35 compliance, is amended to delete a reference that a listing of

1 authorized agents of the certificate holder be amended "from
2 time to time". The bill does not eliminate the requirement
3 that the listing be amended as necessary.

4 Code section 123.28, concerning restrictions on
5 transportation, is amended by dividing the section into
6 numbered subsections and adding a reference to class "C"
7 micro-distilled liquor control licenses created by the bill.

8 Code section 123.30, concerning liquor control licenses,
9 is amended by removing cash payment as a type of payment
10 for purchasing alcoholic liquor from the alcoholic beverages
11 division. The bill retains language in current law that
12 requires payment by other means that ensure the division
13 receives full payment in advance of delivery of alcoholic
14 liquor.

15 Code section 123.31, concerning application contents for
16 a liquor control license, is amended by striking provisions
17 requiring the applicant to set forth whether the applicant
18 possesses a federal gambling stamp and whether, if required,
19 all designated security employees have received security
20 employee training and certification as required by Code section
21 123.32.

22 Code section 123.32 is amended to provide that if an
23 application for a liquor control license or other permit is
24 disapproved by the administrator of the alcoholic beverages
25 division, the appropriate local authority shall be notified
26 electronically, or in a manner prescribed by the administrator,
27 instead of by certified mail. The applicant is still required
28 to be notified of the disapproval by certified mail.

29 Code section 123.33, concerning records required to be
30 maintained by a licensee or permittee, is amended to describe
31 the types of records to be maintained, which shall include
32 income statements, balance sheets, and purchase and sale
33 invoices and ledgers.

34 Code section 123.34, concerning seasonal licenses, is
35 amended to provide that an applicant may apply for a new

1 seasonal permit or license at the same location after two
2 months.

3 Code section 123.49 is amended to consolidate the rules
4 governing Sunday sales of alcoholic liquor, wine, or beer
5 within subsection 2, paragraph "b", of that section.

6 Code section 123.51, concerning allowable signs and branded
7 advertising of a licensee authorized to sell liquor, wine,
8 or beer at retail, is amended to provide that signs or other
9 advertising matter may be erected inside the premises and
10 inside a window facing outward from the premises.

11 Code section 123.175, concerning class "A" or retail
12 wine permit applications, is stricken and rewritten by the
13 bill. The bill provides specifically for the contents of
14 the application to be submitted to the administrator of the
15 alcoholic beverages division and what the applicant must
16 establish before the administrator issues a permit. In
17 addition to requirements currently provided in Code section
18 123.175, the bill provides that an applicant that is a
19 corporation shall list all officers and persons with a certain
20 financial interest in the corporation in the application. The
21 bill also requires an applicant to state in the application
22 whether certain persons required to be listed in the
23 application have been convicted of any offense and, if required
24 by the administrator of the division, to include in the
25 application a sketch or drawing of the premises. Code section
26 123.187 is amended to reflect the rewritten Code section.

27 Code section 123.178B, concerning class "C" native wine
28 permits, is amended to specify that a permittee authorized to
29 purchase beer for sale at retail may sell it for consumption
30 on or off the premises covered by the class "C" native wine
31 permit.

32 Code section 123.180, concerning a vintner's certificate of
33 compliance, is amended to provide that the listing of class "A"
34 wine permittees the applicant intends to do business with that
35 is filed with the alcoholic beverages division shall be amended

1 as necessary to keep the listing current.

2 Code section 123.183 is amended to provide that the
3 gallonage tax on wine is collected when the wine is sold at
4 wholesale.

5 DIVISION II — BEER PERMITS. This division eliminates
6 class "AA" and special class "AA" beer permits and makes other
7 changes relative to beer permits.

8 Code section 123.124, concerning beer permit classes, is
9 rewritten to reflect the elimination of class "AA" and special
10 class "AA" beer permits. The Code section is also amended to
11 refer to the Code sections that describe the authority for each
12 beer permit class.

13 Code section 123.127, concerning class "A" or class "AA"
14 and special class "A" or special class "AA" beer permits, is
15 stricken and rewritten by the bill. The bill eliminates the
16 class "AA" and special class "AA" beer permits and provides
17 specifically for the contents of the application to be
18 submitted to the administrator of the alcoholic beverages
19 division and what the applicant must establish before the
20 administrator issues a permit. The bill also increases from
21 \$5,000 to \$10,000 the amount of the bond an applicant must
22 submit to the administrator.

23 In addition to requirements currently provided in Code
24 section 123.127, the bill provides that an applicant that is a
25 corporation shall list all officers and persons with a certain
26 financial interest in the corporation in the application. The
27 bill also requires an applicant to state in the application
28 whether certain persons required to be listed in the
29 application have been convicted of any offense and, if required
30 by the administrator of the division, to include in the
31 application a sketch or drawing of the premises. Code sections
32 123.128 and 123.129, concerning class "B" and class "C" beer
33 permits, are amended to reflect the rewritten Code section.

34 Code section 123.130, is amended to eliminate class "AA"
35 and special class "AA" beer permits and provides that certain

1 special class "A" beer permittees may sell at retail at the
2 manufacturing premises for consumption off the premises beer
3 that is transferred at the time of sale from the original
4 container to another container that is no larger than 72
5 ounces.

6 Code section 123.131, concerning authority under a class
7 "B" beer permit, is amended to provide that sales of beer
8 for consumption off the premises may be made in a container
9 other than the original container that is no larger than 72
10 ounces under certain circumstances and shall be deemed an open
11 container for purposes of Code sections 321.284 and 321.284A.

12 Code section 123.134, concerning beer permit fees, is
13 amended to increase the annual fee for a class "A" or special
14 class "A" beer permit from \$250 to \$750.

15 Code section 123.135, concerning a certificate of compliance
16 concerning beer, is amended to provide that the listing of
17 class "A" permittees and geographic area as filed with the
18 alcoholic beverages division shall be amended as necessary to
19 keep the listing current.

20 Code section 123.136, concerning the barrel tax on beer,
21 is amended to provide that the tax applies to all beer
22 sold at retail by a special class "A" beer permittee at the
23 manufacturing premises for consumption off the premises.

24 DIVISION III — MICRO-DISTILLED SPIRITS. Code section
25 123.3(29), concerning the definition of a micro-distillery, is
26 amended to provide that a micro-distillery is a business that
27 produces less than 100,000 proof gallons of distilled spirits
28 instead of the current limit of 50,000.

29 Code section 123.30, concerning liquor control licenses,
30 is amended to provide for the issuance of a class "C"
31 micro-distilled spirits license which authorizes the holder to
32 sell micro-distilled spirits manufactured on the premises for
33 consumption on the premises.

34 Code section 123.32, concerning applications for certain
35 licenses, is amended to add a reference to the class "C"

1 micro-distilled spirits liquor control license and to change
2 a reference to a class "A" micro-distilled spirits permit to
3 a license.

4 New Code section 123.43 provides for the information
5 necessary for a person to apply for and be issued a class
6 "C" micro-distilled spirits liquor control license. The
7 bill requires the applicant to submit information regarding
8 the applicant and the location of the micro-distillery. The
9 application shall also provide that the applicant is of good
10 moral character and that the premises for which the permit
11 is sought is authorized to sell spirits for consumption
12 on the premises by applicable zoning ordinance and is of
13 sufficient size. The applicant shall not be engaged in the
14 business of manufacturing beer. In addition, a manufacturer of
15 micro-distilled spirits may be issued a license regardless of
16 whether the manufacturer also manufactures native wine. The
17 annual fee for the license shall be \$250.

18 Code section 123.43A, providing for a class "A"
19 micro-distilled spirits permit, is amended. The bill changes
20 the permit to a license and eliminates the current one and
21 one-half liters per day limit on sales of micro-distilled
22 spirits on the premises and instead allows sales of nine liters
23 per person per day. The bill also allows the micro-distillery
24 to sell the spirits it manufactures to customers outside the
25 state. The bill also allows the micro-distillery to sell the
26 spirits it manufactures for consumption on the premises of
27 the manufacturing facility by applying for a new class "C"
28 micro-distilled spirits liquor control license. The bill
29 limits a manufacturer to no more than one of the new class "C"
30 licenses.

31 New Code section 123.43B establishes the authority for a
32 class "C" micro-distilled spirits liquor control license. The
33 Code section provides that a person holding a license for the
34 same location for which it holds a class "A" micro-distilled
35 spirits license may sell its micro-distilled spirits only at

1 retail to patrons by the individual drink for consumption on
2 the licensed premises where it was manufactured, and that the
3 person holding the license shall purchase micro-distilled
4 spirits it manufactures from a class "E" liquor control
5 licensee only.

6 Code section 123.56, concerning native wines, is amended to
7 allow a manufacturer of native wine to be issued a class "C"
8 native wine permit regardless of whether the manufacturer also
9 manufactures micro-distilled spirits.